

**Before the
Federal Communications Commission
Washington, D.C. 20554**

In the Matter of)	
)	
Numbering Resource Optimization)	CC Docket No. 99-200
)	
Petition for Declaratory Ruling and Request)	CC Docket No. 96-98
For Expedited Action on the July 15, 1997)	
Order of the Pennsylvania Public Utility)	
Commission Regarding Area Codes 412,)	
610, 215, and 717)	

REPLY

The National Exchange Carrier Association, Inc. (NECA) submits this Reply in the above-captioned matter.¹

In its Comments in this proceeding, NECA showed that it was unnecessary for the Commission to determine potential cost savings or to select an administrator before establishing a cost recovery mechanism for thousands-block number pooling (TBNP).²

NECA also showed that the Commission should permit carriers to recover TBNP costs via existing means and should not require that additional end user charges be imposed.³

The Commission also should not impose TBNP obligations on non-LNP-capable carriers, and certainly should not require such carriers to incur TBNP costs without some cost

¹ Numbering Resource Optimization, CC Docket No. 99-200, CC Docket No. 96-98, Petition for Declaratory Ruling and Request for Expedited Action on the July 15, 1997 Order of the Pennsylvania Public Utility Commission Regarding Area Codes 412, 610, 215, and 717, *Second Report and Order, Order on Reconsideration in CC Docket No. 96-98 and CC Docket No. 99-200, And Second Further Notice of Proposed Rulemaking in CC Docket No. 99-200*, FCC 00-429 (rel. Dec. 29, 2000) (*Second FNPRM*).

² NECA Comments at 3.

recovery mechanism.⁴ Finally, NECA showed that, in the event the Commission does impose number pooling requirements on non-LNP-capable carriers, it should exempt rural carriers from such requirements.⁵

Comments filed by larger LECs in this proceeding amply demonstrate the need to specify a cost recovery mechanism for TBNP. BellSouth and Qwest, for example, provide information demonstrating the approximate magnitude of LNP costs.⁶ Contrary to claims by AT&T,⁷ there is no need for additional cost data at this stage of the proceeding, when the only consideration is *how* such costs should be recovered, not their precise extent. Further, as BellSouth observes, the Commission could easily resolve the issue of how to recover TBNP implementation costs, at least for LNP-capable carriers, simply by allowing these ILECs to increase the amount or to extend the duration of the current number portability surcharge.⁸

³ *Id.* at 4.

⁴ *Id.* at 5.

⁵ *Id.* at 5, 6.

⁶ BellSouth Comments at 28, 29; Qwest Comments at 9, 10.

⁷ AT&T Comments at 19. AT&T seems to suggest that, rather than establish a cost recovery method, the Commission should instead require carriers to absorb TBNP costs without any means of recovery via rates. *See id.* Costs related to number pooling that are legitimately incurred in the provision of regulated telephone services clearly should be included in carrier accounts, however, and recovered either via existing rate elements or through a separate cost recovery mechanism, such as the one identified for LNP costs. *See Telephone Number Portability*, CC Docket No. 95-116, RM 8553, *Third Report and Order*, 13 FCC Rcd 11776 (1998). (allows assessment of LNP charges only on end users served from a LNP-capable switch; intended to ensure LNP charges only where end users are reasonably likely to benefit from number portability).

⁸ BellSouth Comments at 29.

There is no support in the record for imposing TBNP obligations on non-LNP capable carriers.⁹ As BellSouth states, "non-LNP capable carriers should not be forced to implement number portability for the sole purpose of participating in pooling [because] (s)uch a requirement would be extremely costly for non-LNP capable carriers without any significant countervailing benefits."¹⁰ Similarly, the United States Telecom Association (USTA) argued that:

an extension [of the TBNP requirement] to all carriers [outside the top 100 MSAs] would have an adverse affect on rural carriers and would impose significant financial and other burdens on such carriers that would not yield sufficient public benefits. If the Commission were to reconsider its decision to apply thousand block pooling requirements to only LNP capable carriers, it would also be reconsidering its determination to require LNP capability only of those carriers in the top 100 MSAs or that have received a legitimate request from another carrier.¹¹

The National Telephone Cooperative Association (NTCA) pointed out the disparate impact that such a requirement would have on rural LECs:

(a)ssuming the cost to a rural LEC with 6000 access lines [is] \$300,000 to implement LNP and TBNP, then the cost per access line/customer would be \$50.00. By contrast, the same cost to a non-rural LEC serving 60,000 access lines in one of the 100 largest Metropolitan Statistical Areas [is] \$5 per customer. Imposing TBNP on non-LNP capable rural LECs would result in rural customers incurring a significantly higher disproportionate cost for LNP and TBNP¹²

⁹ There is ample opposition to this requirement. BellSouth at 30; NECA at 4, 5; USTA at 4,5; OPASTCO at 6, 7; NTCA at 2, 3.

¹⁰ BellSouth Comments at 30.

¹¹ USTA Comments at 5.

¹² NTCA Comments at 3.

Even if the Commission does not require non-LNP-capable carriers to participate in number pooling, these companies will nevertheless incur pooling-related costs. As NECA and NTCA have pointed out:

the Commission must be conscious of the fact that non-LNP capable carriers . . . will incur shared industry costs for TBNP implementation and TBNP query charges by virtue of the fact that all carriers will be required to route TBNP numbers.¹³

Some mechanism must be available to the carriers to recover TBNP costs. The Commission should not, however, require these carriers to recover TBNP costs via end user charges. Just as it makes no sense to impose end user charges for local number portability in areas not served by competitive carriers, there is similarly no basis for imposing administratively-burdensome and annoying end user charges on customers located in areas not benefited by number pooling solutions.

Instead, the Commission should make clear that *normal accounting and cost recovery mechanisms* apply for TBNP costs incurred by carriers who are not directly involved in number pooling. Contrary to AT&T's claims,¹⁴ permitting non-LNP-capable carriers to account for TBNP costs in their normal accounts and to recover these costs in interstate access charges is neither unfair to IXC's nor anticompetitive with respect to CLECs. From the perspective of a rural, non-LNP-capable LEC, the incidental costs incurred as a result of number pooling (e.g., query charges, database administration

¹³ CC Docket No. 99-200, Joint Comments of NECA and NTCA (the Associations) (filed May 19, 2000) at 4,5. (emphasis added) The Associations described the components of TBNP that the Commission should consider when establishing TBNP cost recovery rules, including the requirements for deployment and implementation of TBNP, and the steps in acquiring additional telephone numbers under TBNP. *Id.*, Attachment 1.

¹⁴ AT&T Comments at 20.

charges, *etc.*) constitute normal business expenses, and should be accounted for and recovered in the same manner as other such expenses. Since areas served by non-LNP-capable LECs, by definition, are not currently subject to competition, there can be no disadvantage to IXC's or any CLEC's.

Moreover, in the context of the LNP cost recovery rules, the Commission has made clear that after the special five-year period for end user recovery of portability costs, *even LNP-capable* LECs can recover their on-going LNP costs "through existing mechanisms available for recovery of general costs of providing service"¹⁵ (*i.e.*, in interstate access). Thus, there is certainly no basis for precluding *non-LNP-capable* LECs from using the same mechanisms to recover costs incurred prior to implementation of LNP/TBPN capabilities in their serving territories.

CONCLUSION

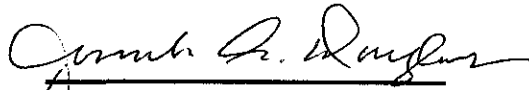
The record provides the Commission with all the information it needs at this time to specify a cost recovery mechanism for TBPN costs. No basis exists for requiring non-LNP-capable carriers to implement number pooling solutions, particularly in rural areas. Finally, in the event that the Commission does specify a cost recovery mechanism for TBPN costs incurred by carriers in the largest 100 MSAs or subject to *bona fide* requests

¹⁵ *Third Report and Order*, 13 FCC Rcd 11701, 11777 (1998).

for LNP, it should take care not to preclude non-LNP-capable carriers from recovering number pooling related costs via normal accounting and cost recovery methods.

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